

California Fair Political Practices Commission
Donor Disclosure for Multi-Purpose Organizations
Spending in California Elections
(Including Nonprofits, Federal, and Out-of-State PACs)

Introduction

At the national level, nonprofit 501(c)(4) organizations are spending vast amounts on federal elections and not revealing their donors. In California, however, nonprofit and other multi-purpose organizations spending on state and local elections must report the donors who are the sources of their funds.

Multi-purpose groups that must disclose sources of funds if they are spending on California elections include:

- Nonprofit organizations
- Federal and out-of-state political action committees
- Local clubs focusing on educational and social activities

These organizations typically receive donations or other payments (e.g., membership dues) for purposes other than making political expenditures in California. They nevertheless may, at times, use some of these funds to make political expenditures to support or oppose California state or local candidates or ballot measures.

In general, groups that are organized to support or oppose California candidates or ballot measures must form a political committee registered with the California Secretary of State and report all receipts and expenditures. Multipurpose organizations that make expenditures to support or oppose California State or local candidates or ballot measures are subject to the same rules as those that raise funds specifically for California elections – they must disclose the sources of funds used for their political expenditures. ([Section 82013\(a\)](#); [Regulation 18215](#); *California Pro-life Council v. Randolph et al*, 507 F.3d 1172 (9th Cir. 2007).)

However, multi-purpose groups making only occasional expenditures in California elections are not required, like a typical political committee, to report *all* funds raised and spent. They are only required to report the amount of their expenditures on California elections, and the source of the money so spent.

Multi-purpose organizations are very diverse, and this fact sheet's purpose is limited to providing a general overview of the campaign reporting procedures. For specific guidance on completing campaign forms, and where and when to file statements contact the Fair Political Practices Commission ("FPPC").

advice@fppc.ca.gov

www.fppc.ca.gov

1.866.275.3772 or 916.322.5660

FPPC TAD • 041-07.2012 • Page 1 of 5

Receiving Contributions

A multi-purpose organization is receiving “contributions” if its members or donors make payments (including dues) to the organization and at the time of making the payments, the donors know or have reason to know that the funds, with which their payments may be commingled, will be used to make contributions or expenditures to support or oppose California state or local candidates or ballot measures.

There is a presumption that the donors do *not* have reason to know that all or part of their payments made to the multi-purpose organization will be used for political activities in California *unless* the organization has made expenditures or contributions totaling at least \$1,000 during the current calendar year or any of the immediately preceding four calendar years. ([Regulation 18215](#).)

Donor Disclosure

The FPPC has adopted the methods that multi-purpose organizations must use to determine which donors are reported as contributors on a campaign statement. When an organization receives a payment in response to a message or a solicitation indicating that the payment will be used for political purposes, the donor is always identified as a contributor. However, an organization making political payments from funds that were not specifically given for political purposes will identify funding sources pursuant to [Regulation 18412](#). An organization may not knowingly conceal the name of a donor with the purpose of depriving the public of information. Records of all receipts and expenditures must be retained by the organization for audit purposes pursuant to [Regulation 18401](#).

Organizations Must Identify the Following Contributors:

1. **Donors Giving for Political Purposes.** State the full amount given and identifying information for all donors who make payments to the organization for political purposes in California.
2. **LIFO Donors.** Report donors using a “last in, first out” accounting method to identify donors when the funds described above do not cover the entire amount of the contribution or independent expenditure made by the organization.¹ Continue this method, until a sufficient number of donors have been identified as contributors to account for the contribution or independent expenditure.

¹ An “independent expenditure” is a payment for a communication that expressly supports or opposes a clearly identified candidate or ballot measure—but the payment is not made to or at the behest of the affected candidate or a committee formed to support or oppose the ballot measure. ([Gov. Code Section 82031](#).)

3. **Organization Itself.** If these two classes of contributors do not account for the full balance of the group's expenditures, the organization will identify itself as a contributor of the remaining balance.

Reporting Tips:

- **Foundation or Restricted Funds.** An organization need not identify a donor as a "contributor" if the organization has evidence clearly establishing that the particular donor did not intend for the donation to be used for political purposes and the organization did not use the funds for such purposes.
- **Income Producing Funds.** An organization that uses funds gained through "income producing" activities for all of its political expenditures does not register as a recipient committee because its income was not received from "contributors." The organization must file California campaign reports if it makes \$10,000 in contributions or \$1,000 in independent expenditures from such funds. See [Form 461](#).
- **Federal PACs.** A federal campaign committee may simply identify its name and federal ID number on a California campaign report if the committee identifies the same donors reportable under California law on a report filed monthly with the Federal Election Commission.

Examples:

♦ *The Golden Rule Association provides education services and receives its funds exclusively from teachers who make one annual payment of \$200. The payment date varies as it is determined by the date the teacher initially joined the Association. The association made a contribution of \$1,000 to a ballot measure committee. This contribution was the first contribution made from the general fund therefore, under Regulation 18215(b)(1), members are presumed not have a reason to know that a portion of their membership fees would be used for political purposes in California at the time they made their payments. The association did not qualify as a recipient committee that must disclose contributors.*

Within four years, the Association made a second contribution of \$5,000 to a ballot measure committee. At that point, the Association qualified as a recipient committee and must file a Statement of Organization ([Form 410](#)) and other recipient committee campaign reports.

The Association must disclose the members using a "last in, first out" accounting method until donor contributions account for the \$5,000 in contributions. In this case, the most recent donors to the membership fund will be identified on a campaign statement as the organization did not receive earmarked contributions or funds from non-membership fees.

- ◆ *Charity for Children, a nonprofit organization, provided the services of two full-time employees to a ballot measure committee to help with mailings, telephone calls, and other associated campaign activity, at a cost of \$6,000 per month for three months. The Charity had made a contribution of \$5,000 earlier that year to the ballot measure committee. Thus, similar to the example above, Charity qualified as a recipient committee. It must disclose the most recent donors to its general fund to account for the \$6,000 in political services.*
- ◆ *Citizens for Public Libraries is a multi-purpose organization. One year, the organization sent a mailer to its members asking for \$200 for the sole purpose of supporting library bond measures. Once \$1,000 was received, the organization qualified as a ballot measure committee, and was required to file a Statement of Organization ([Form 410](#)), and begin filing recipient committee campaign reports disclosing the full amount of each contribution. Because the organization's political expenditures will not exceed the amount of the contributions raised for the bond measure, donors to the organization's general fund are not identified on a campaign statement.*
- ◆ *Go Green is a multi-purpose organization; its monthly income from membership dues and foundation grants averages \$50,000. One year the organization made several contributions to state legislators totaling \$7,500 from its membership account, and must report the sources of these funds. A foundation grant that has a written restriction on using the funds for political purposes will not be reported as a source of funds. In disclosing the donors that made up the \$7,500, Go Green must skip over such foundation donors in accounting for the full balance of the \$7,500.*
- ◆ *A multi-purpose organization representing technology companies formed in 2012. On September 5, the organization made its first contribution of \$5,000 and in October, it made a \$6,000 contribution. In preparing the campaign statement, only \$4,000 was received from member dues between the first and second contributions and no funds were specifically earmarked for political contributions. Therefore, the organization will list the donors that contributed funds after September 5th, which amounted to \$4,000 and will list itself as a donor for \$2,000.*
- ◆ *A professional organization provides a variety of services to its members, including insurance services that result in income to the organization. The organization makes political expenditures from the income producing account and not from its membership dues account. Therefore, the organization does not qualify as a recipient committee. The organization is required to file reports as a "major donor" or "independent expenditure" committee if it makes, in a single calendar year, \$10,000 in contributions or \$1,000 in independent expenditures.*
- ◆ *A federal committee made several contributions to California state candidates. To simplify the committee's California reports, so long as the same donors listed on the FEC report include all donors that would be listed on a California report, the committee*

advice@fppc.ca.gov

www.fppc.ca.gov

1.866.275.3772 or 916.322.5660

FPPC TAD • 041-07.2012 • Page 4 of 5

does not need to disclose donor names and amounts on its California campaign reports and may instead simply list the federal committee name and ID number on its California report contributor schedule.

Other Filing Information

When an organization uses LIFO to identify donors, donor identification starts with the date the political expenditure was made. Only donors of \$100 or more in a calendar year are itemized on the [Form 460](#).

A multi-purpose organization that does not qualify as a recipient committee may become a “major donor committee” or an “independent expenditure committee” when it chooses to make one substantial contribution or expenditure to influence a state or local election. Therefore, an organization that makes a one-time contribution of \$10,000 or more will qualify as a major donor committee with reporting obligations under the [Political Reform Act](#) (“Act”). Similarly, an organization that makes a one-time independent expenditure of \$1,000 or more would qualify as an independent expenditure committee with reporting obligations under the Act.

Example:

♦ *A federal political action committee made its first California contribution in the amount of \$40,000 to a state ballot measure committee. The federal committee qualified as a major donor committee when the \$40,000 contribution was made and must disclose its contribution on the Major Donor and Independent Expenditure Committee Campaign Statement ([Form 461](#)). Since the contributions made by this committee were more than \$25,000, the committee must file electronically.*

Assistance:

Call: 1-866-ASK-FPPC

Email: advice@fppc.ca.gov